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SUBJECT: MERKEL GIVES PREVIEW OF PRIORITY ISSUES FOR MARCH
8-9 EU COUNCIL SUMMIT IN GERMAN PARLIAMENT ADDRESS

¶1. Summary: German Chancellor Angela Merkel, who currently holds the presidency of the European Council, addressed the German Bundestag on March 1 in a policy speech about her priorities for the March 8-9 EU Council Meeting in Brussels. Major themes are the promotion of economic growth, a successful completion of the Doha Round, deepening transatlantic economic cooperation, energy and climate change. End summary.

Economic Reform / Lisbon Strategy

¶2. Chancellor Merkel emphasized the traditional focus of the EU's spring summit on economic issues. Only if the EU is economically successful would it be able to maintain the European way of life and promote it around the world. "The world will not wait for Europe" in the face of increasing competition from other emerging regions in a globalizing economy, Merkel said. Increasing competitiveness, creating jobs and guarding social cohesion throughout the continent are all equally important, interdependent aims in this context, she emphasized. The intrinsic aim of the reforms is therefore to protect the European social model as "there can be no solidarity without growth". The complete implementation of the EU's economic reform program under the Lisbon Strategy is an important step to encourage the continuation of the increased economic growth and job creation seen across the EU in 2006. Merkel also noted the goal of reducing the administrative burden attributed to the EU's regulations by 25 percent over the next four years.

----- Trade - Doha Round and Transatlantic Economic Partnership -----

¶3. Merkel emphasized that Germany would work hard for a successful completion of the Doha round and for continued trade liberalization. A successful Doha round helps Germany, as the world's number one exporting country in goods, to find new business opportunities. It would also help developing countries gain access to markets in developed countries.

¶4. Merkel stressed her desire for an intensified transatlantic economic partnership and explicitly referred to it as complementary, and not competing with Doha. The priority areas for facilitating further cooperation are norms and industrial standards, protection of intellectual property rights and financial regulations. The Chancellor expressed her hope that an agreement in these areas would unleash the energies and creativity needed to compete with emerging economic powers through a unified European approach. As a next step, Germany planned to pursue the initiative within the G-8 process and at the US - EU summit at the end of April.

Energy and Climate Change

¶15. Regarding energy as a key resource for economic growth, Merkel said the EU needs affordable energy from sources that are reliable and sustainable. The EU faces the critical challenge in the next decade of combining ecological improvements with economic progress in a way that realizes emission reductions that are key to Germany's climate protection strategy. Merkel stressed both the importance of climate protection and the task it represents, pointing out that Kyoto requires emission reductions of 8% below 1990 levels within 20 years, while the EU is about to adopt the goal of an additional 12% reduction between 2012 and 2020. She commended the EU Commission's proposal to reduce emissions below Kyoto targets and pledged German support. On the controversial subject of car emissions she pointed out that the government supports the emission restrictions for cars but specified this must be accomplished through a reduction of "average-fleet emissions", not only from emissions restrictions on bigger cars. All manufacturers would have to undertake such efforts.

¶16. Merkel highlighted carbon capture and sequestration technology (CCS) as an example of both the technological potential and challenge in the years ahead. She lauded Swedish energy company Vattenfall for building Germany's first coal fired test plant employing CCS technology in Brandenburg, but cautioned that there remained a number of technical problems that needed to be solved in order to make the technology market viable by 2020. In addition, Merkel praised the role of the EU in promoting wind energy and called it a huge success in the development of renewable energy sources. Germany's global market share of 60% in this technology will send a signal to emerging economic powers to also invest in this form of renewable energy. Merkel said the adoption of an Energy Action Plan by the EU Council would position the EU well for the upcoming energy talks at the US-EU summit and the EU-Russia meeting.

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